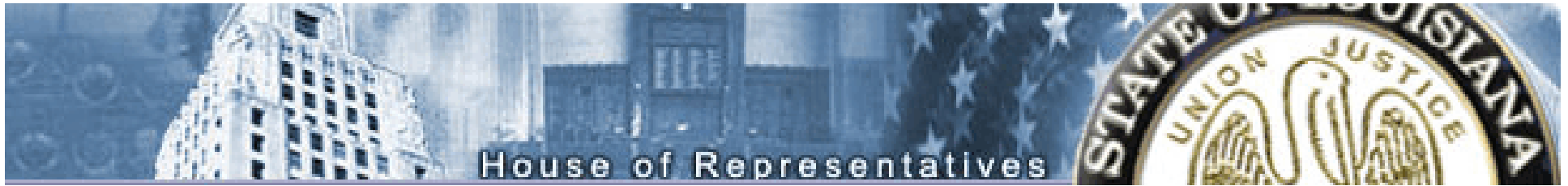




# **HOUSE COMMITTEE ON APPROPRIATIONS**

## **FY09-10 Executive Budget Review**

### **Higher Education**



## **EXECUTIVE BUDGET ISSUES**

- 30.5% decrease to State General Fund
- Use of federal stimulus dollars
- Transfer of management board appropriations to Regents
- Phase 1 of a new performance model
- Transfer of Louisiana Office of Student Financial Assistance (LOSFA) from Special Schools and Commissions to Regents



## Board of Regents

The Board of Regents coordinates all public higher education in Louisiana. Regents:

- represents the postsecondary education system to the Governor and the legislature;
- formulates a higher education master plan;
- establishes the role, scope and mission for systems and institutions;
- develops and adopts a higher education formula for submission to the legislature;
- approves degree programs;
- presents budget and capital outlay recommendations to the legislature.



## Management Boards

The four management boards govern the operations of the institutions under their respective jurisdictions. Management boards:

- supervise and manage institutions;
- award certificates, confer degrees, issue diplomas;
- receive and expend appropriated funds, according to the master plan;
- determine student fees;
- purchase land and acquire buildings, subject to Regents' approval;
- employ and approve employment, fix salaries, duties and functions of personnel;
- oversee financial operations of schools.



## Coordination and Governance

- Coordination is primarily concerned with the state and system perspective – the framework within which governance takes place.
- Governance relates to the direction by boards of trustees and presidents, of individual colleges and universities or systems of institutions.



## State Leaders

- Dr. Sally Clausen, Commissioner of Higher Education, Louisiana Board of Regents
- Dr. John Lombardi, President, LSU System
- Dr. Ralph Slaughter, President, Southern System
- Dr. Randy Moffett, President, University of Louisiana System
- Dr. Joe May, President, LCTCS
- Dr. Nancy Rabalais, Executive Director, Louisiana University Marine Consortium
- Ms. Melanie Amrhein, Executive Director, Louisiana Office of Student Financial Assistance

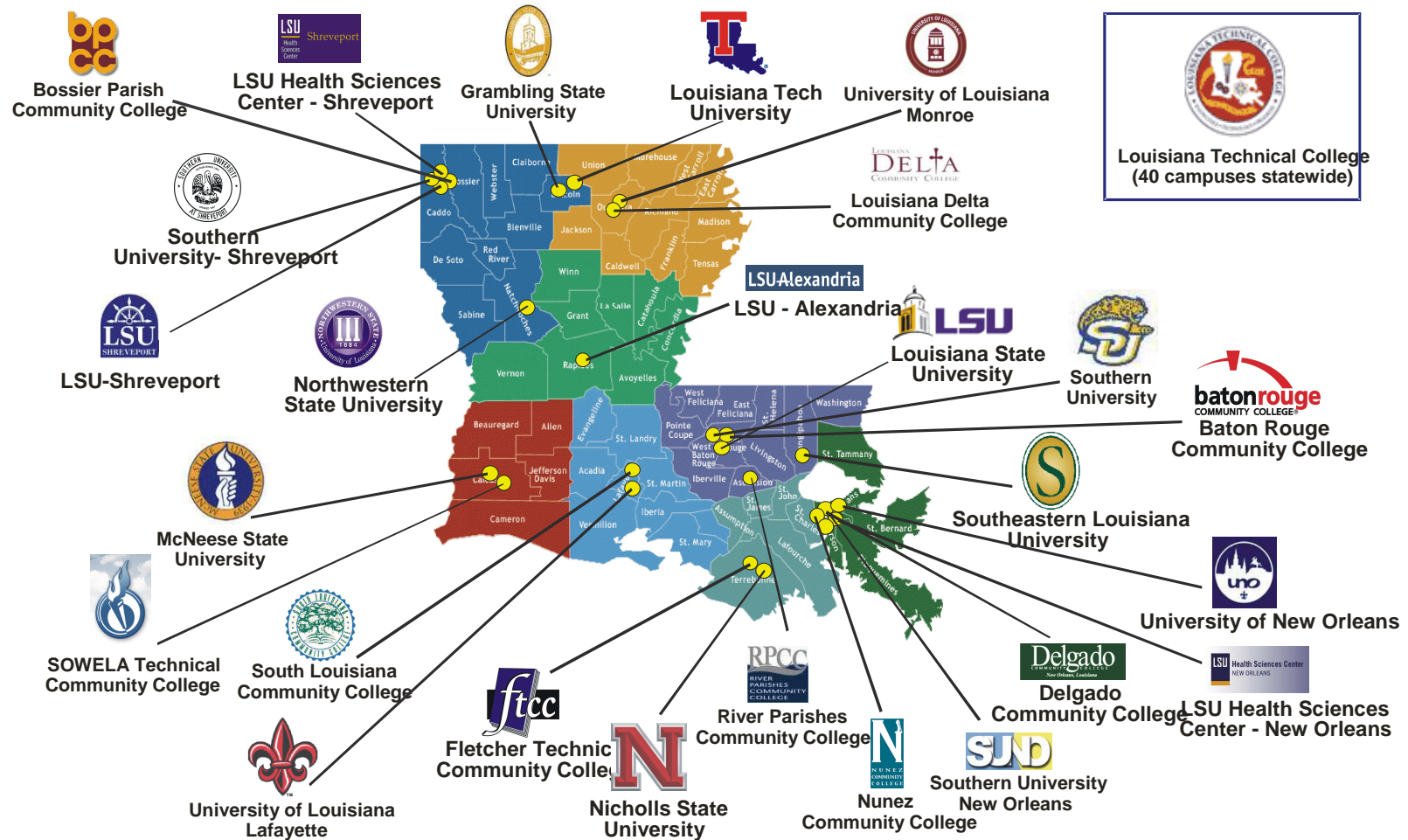


## Higher Education Appropriations

Before the FY09-10 Executive Budget, higher education funding included:

- 14 four-year universities
- 9 two-year universities
- 2 technical-community colleges
- 40 technical colleges (plus satellite locations)
- 2 agricultural extension and research centers
- 1 marine research center (LUMCON)
- 1 biomedical research center (Pennington)
- 2 law schools
- 2 health science centers, including three state hospitals and a comprehensive group of professional schools ranging from Veterinary Medicine, Medicine, Dentistry and Allied Health professions









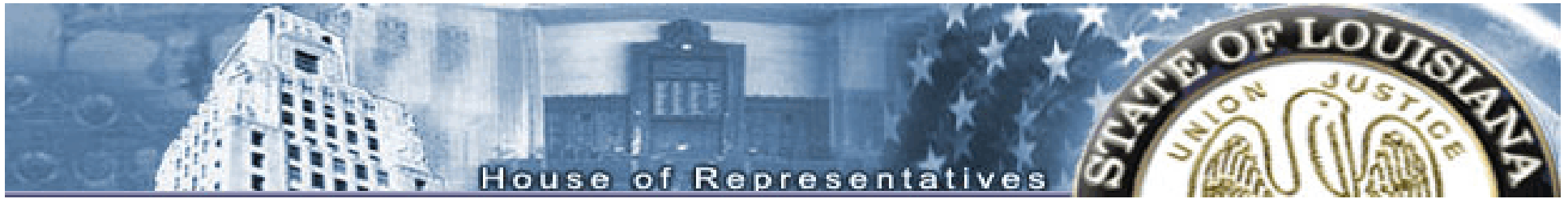
## LSU System

- LSU Board of Supervisors
- LSU A&M
- LSU Law School
- LSU in Alexandria
- LSU in Shreveport
- University of New Orleans
- LSU in Eunice (2 year)
- LSU Agricultural and Extension Center
- Pennington Biomedical Research Center
  
- LSU Health Science Center in New Orleans (includes six professional schools: School of Allied Health Professions; School of Dentistry, School of Graduate Studies; School of Medicine; School of Public Health; and School of Nursing)
  
- LSU Health Science Center in Shreveport (includes three state hospitals and three professional schools: School of Medicine in Shreveport; School of Graduate Studies in Shreveport; and School of Allied Health Professions in Shreveport )



## Southern System

- Southern University Board of Supervisors
- Southern University and Agricultural and Mechanical College (SU A&M)
- Southern University at New Orleans (SUNO)
- Southern University at Shreveport (SUSLA)(2 year)
- Southern University Law Center
- Southern University Agricultural and Extension Center



## **University of Louisiana System**

- University of Louisiana Board of Supervisors
- Grambling State University
- Louisiana Tech University
- McNeese State University
- Nicholls State University
- University of Louisiana in Monroe (ULM)
- Northwestern State University
- Southeastern State University
- University of Louisiana in Lafayette (ULL)



## LCTCS System

- LCTCS Board of Supervisors
- Baton Rouge Community College
- Delgado Community College
- Nunez Community College
- Bossier Parish Community College
- South Louisiana Community College
- River Parishes Community College
- Louisiana Delta Community College
- Louisiana Technical College (40 campuses)
- SOWELA Technical Community College
- L.E. Fletcher Technical Community College





## ENACTED Amounts in General Appropriation Bills

<b>HIGHER EDUCATION - STATE GENERAL FUND</b>			
<b>System</b>	<b>FY 2004-05</b>	<b>FY 2008-09</b>	<b>% Growth between FY 08-09 and FY 04-05</b>
Regents	\$32,886,168	\$50,237,106	53%
LUMCON	\$2,930,586	\$3,178,545	8%
LSU system	\$506,167,743	\$690,153,744	36%
Southern system	\$75,241,837	\$92,252,120	23%
UL system	\$294,905,320	\$448,974,588	52%
LCTCS system	\$149,764,665	\$191,889,704	28%
<b>TOTAL</b>	<b>\$1,061,896,319</b>	<b>\$1,476,685,807</b>	<b>39%</b>



## ENACTED Amounts in General Appropriation Bills

<b>HIGHER EDUCATION - TOTAL MEANS OF FINANCE</b>			
<b>Means of Finance</b>	<b>FY 2004-05</b>	<b>FY 2008-09</b>	<b>% Change between FY 08-09 and FY 04-05</b>
State General Fund	\$1,061,896,319	\$1,476,685,807	39%
Interagency Transfers	\$329,881,492	\$424,677,208	29%
Fees and Self-gen. Rev.	\$679,722,603	\$744,811,802	10%
Statutory Dedications	\$147,487,210	\$138,289,278	-6%
Interim Emergency Bd	\$0	\$0	0%
Federal Funds	\$122,828,404	\$93,092,905	-24%
<b>TOTAL</b>	<b>\$2,341,816,028</b>	<b>\$2,877,557,000</b>	<b>23%</b>





## Unrestricted vs. Restricted

- Unrestricted Funds are funds eligible for expenditure for any legally allowable purpose in carrying out the official mission, duties and responsibilities of the institution. These funds include state appropriations, tuition and auxiliary enterprises and other funds that are not restricted by a donor, grant or contract.
- Restricted Funds are funds used to account for resources that are available for the operation and support of programs but are restricted by donors, local state or federal agencies, as to the specific purposes for which they may be expended. These funds are referred to as “off-budget” dollars.
- The legislature appropriates unrestricted funds only.



## Unrestricted Operating Budget Vs Restricted "Off-Budget" Funds (In Millions) for FY2008-2009

	Enrollment Producing Units*		All Units	
<b>Unrestricted</b>	<b>\$ 1,817.1</b>	<b>61.20%</b>	<b>\$2,904.7</b>	<b>63.50%</b>
<b>Restricted "Off-Budget"</b>	\$ 1,153.1	38.80%	\$1,666.7	36.50%
<b>Total Budget</b>	<b>\$ 2,970.2</b>	<b>100.00%</b>	<b>\$4,571.4</b>	<b>100.00%</b>

**\* Excludes Regents, system offices, LUMCON, LSU Health Science Centers, Agricultural Centers and Pennington**



## Discretionary vs Nondiscretionary Funding

	% DN	% NDN
Regents	99%	1%
LUMCON	91%	9%
LSU System	96%	4%
Southern System	95%	5%
University of Louisiana System	95%	5%
LCTCS	96%	4%
<b>Total</b>	<b>96%</b>	<b>4%</b>

**Group insurance for retirees, rent in state-owned buildings and capital park security are nondiscretionary expenditures. Most Higher Education dollars are identified as discretionary by the Division of Administration.**



## Revenue and Spending

- Revenues dictate functionality in higher education
- To understand spending, it's first necessary to know the source of the revenue
- Higher Education operates under what economists call the “revenue theory of costs”
- Colleges and universities are limited in their ability to decide where to spend money



## Revenue

- The primary sources of general revenues for public institutions are state appropriations and tuition and fees
- Federal contract and grant money is provided for sponsored research or public service
- Revenue-producing auxiliary enterprises are self-supporting and are not major sources of subsidy for general-purpose instruction



## Means of Finance

- Interagency Transfers are revenues from other state agencies.
- Fees and self-generated Revenue are collections from student fees and tuition, from registration and licensing fees paid by post-secondary, academic degree-granting institutions, from fees from Proprietary School Regulation, and from miscellaneous grants from private entities.
- Statutory Dedications are funds created by state statute as provided by legislation, usually dedicated for specific purposes.
- Federal funds include Medicare dollars to state hospitals under LSU HSC in Shreveport. Both agricultural centers receive federal funds. LUMCON receives federal grants for its research programs. Federal Funds come from the National Science Foundation, the National Aeronautics and Space Administration, the NASA EPSCoR program, the John C. Stennis Space Center/Louisiana Research Consortium and from the U.S. Department of Energy (USDOE).



## Percent of Total Means of Finance from Tuition and Fees, FY07-08

	LSU	Southern	UL	LCTCS	TOTAL
<b>General Registration fees (tuition)</b>	<b>11%</b>	<b>20%</b>	<b>24%</b>	<b>17%</b>	<b>16%</b>
Non-resident fees	3%	4%	3%	1%	3%
Academic Excellence fees	1%	2%	3%	2%	2%
Operational fee	1%	1%	1%	1%	1%
Other student fees*	1%	0%	1%	0%	1%
<b>Subtotal of Student Fees:</b>	<b>17%</b>	<b>26%</b>	<b>33%</b>	<b>20%</b>	<b>22%</b>

\*Other Student fees include fees such as nursery school fee, executive MBA program fee, biological intensive orientation fee, continuing education, fire and emergency training institute, academic programs abroad, international student services fee, undergraduate and graduate application fee, thesis binding and dissertation fee, diploma fee, special and credit exams, examination only or thesis course fee, transcripts, deferred note fee, registration fee, late admission and late registration fee, reinstatement fee, dual enrollment fee, co-op education, lab fee, metropolitan college contract credit or non-credit fee, fine arts studio fee, lapsed seat deposit, course material fee and trial advocacy fee.





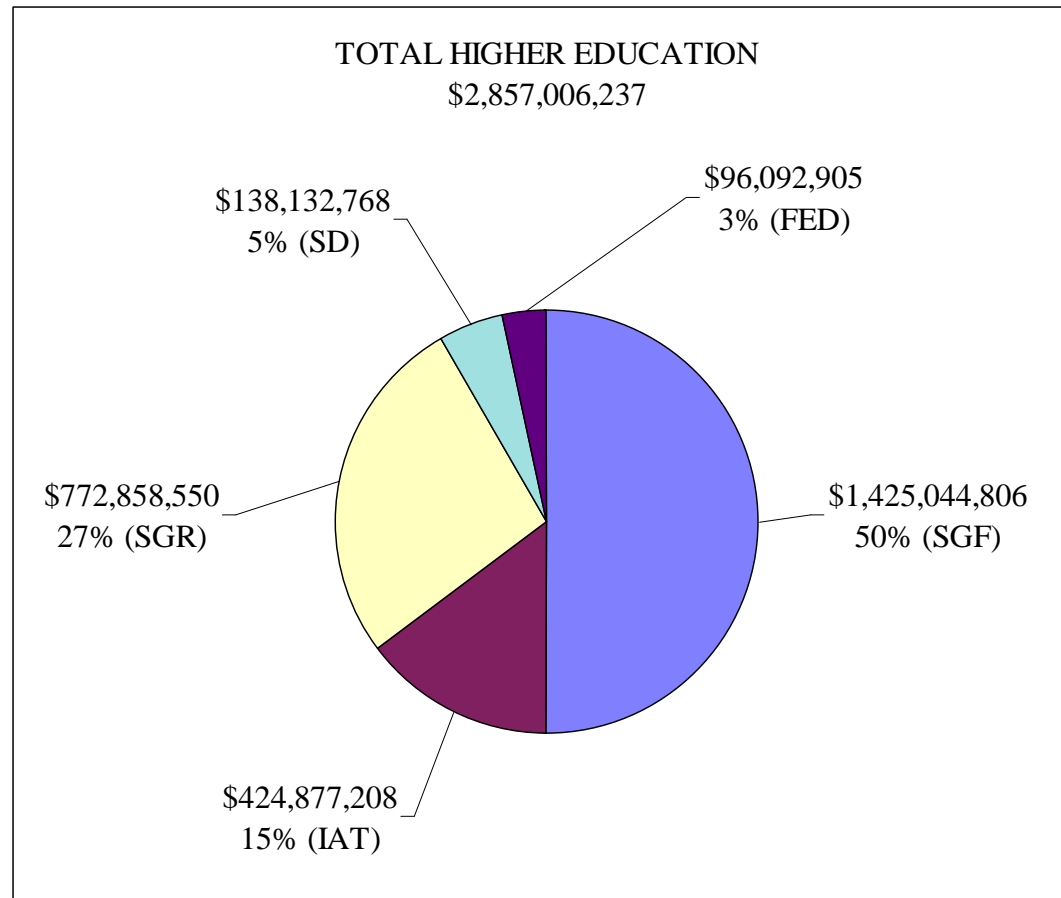
**FY 2008-2009  
Statutory Dedicated Funds  
(In Millions of \$)**

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Higher Education Initiatives Fund	\$ .313
Support Education in Louisiana First (SELF)	\$ 53.8
Tobacco Tax Health Care Fund	\$ 27.8
Calcasieu Parish Fund	\$ .700
Pari-Mutuel Fund	\$ .050
Southern University Ag Center Fund	\$ .750
Equine Health Studies Program Fund	\$ .750
Fireman Training Fund	\$ 2.9
Two Percent Fire Insurance Fund	\$ .210
Louisiana Educational Quality Support Fund	\$ 36.0
Proprietary School Fund	\$ .400
WorkForce Rapid Response Fund	\$ 10.0
Overcollections Fund	<u>\$ 4.6</u>
<b>TOTAL</b>	<u><b>\$ 138.3</b></u>

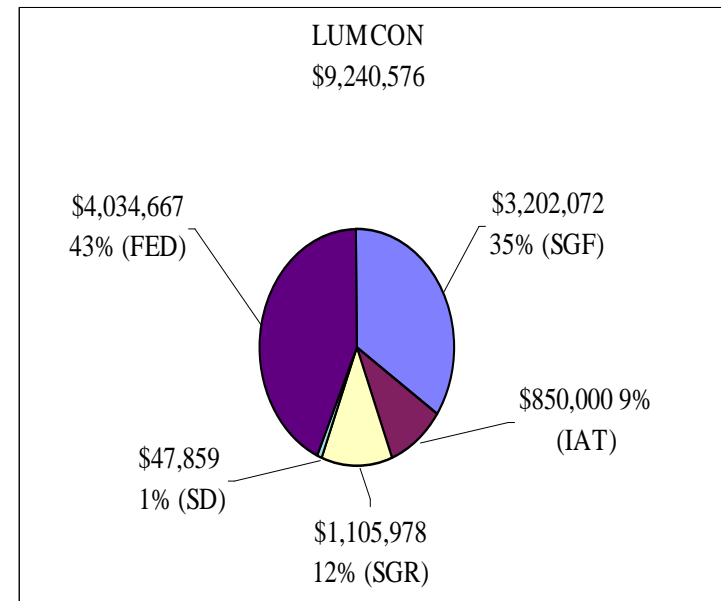
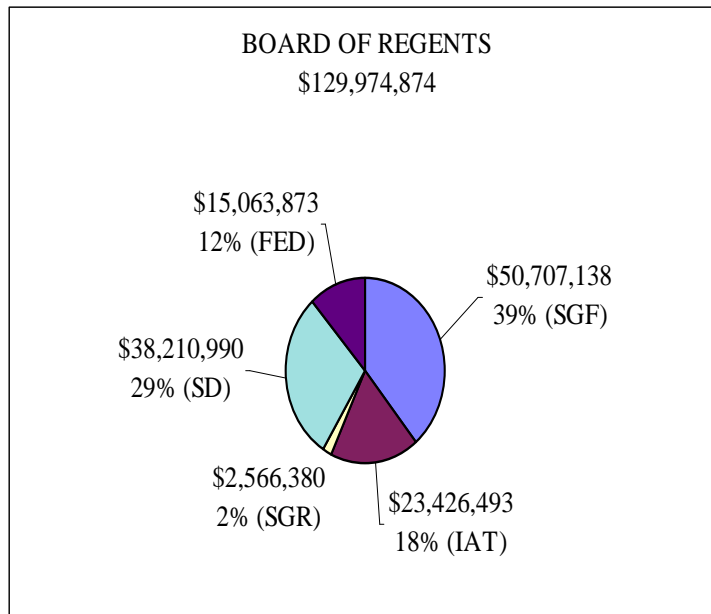


## Existing Operating Budget, as of 2/1/09



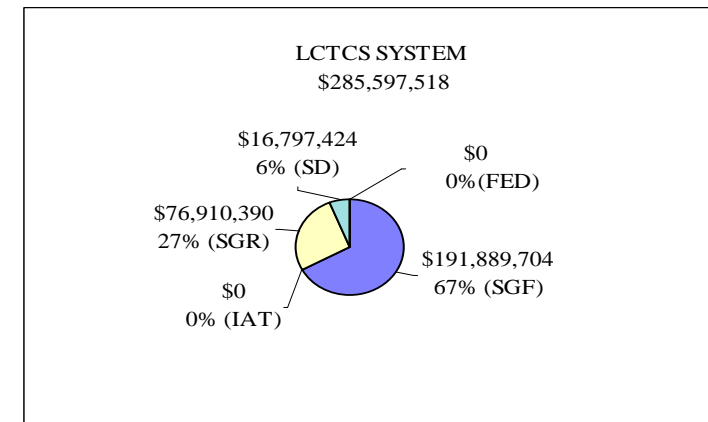
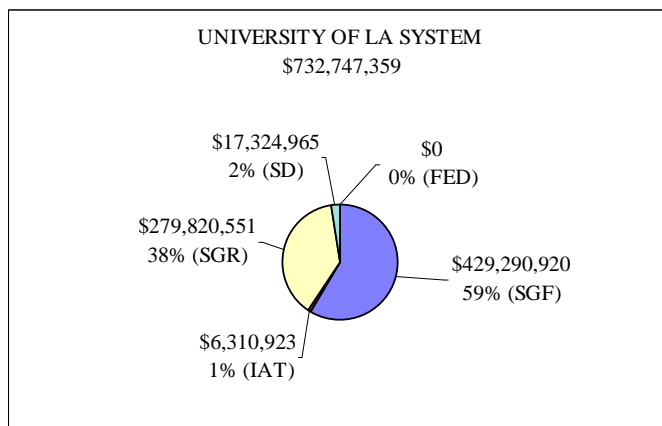
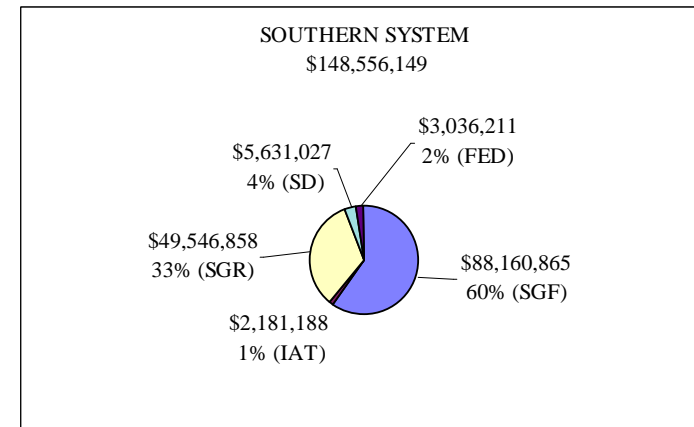
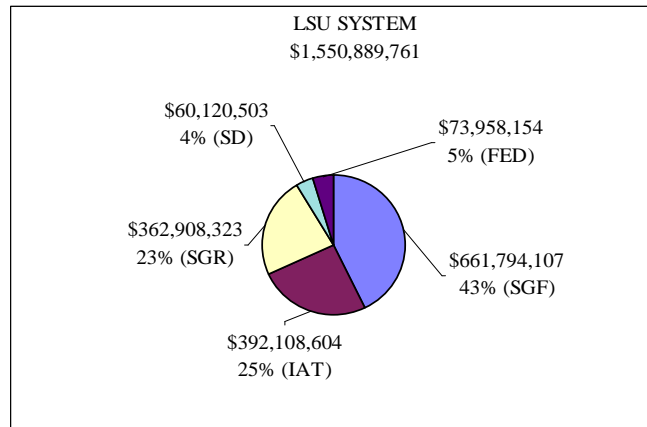


## Existing Operating Budget, as of 2/1/09





## Existing Operating Budget, as of 2/1/09





## Percent of School Expenditures by Function, FY07-08

	LSU System	SOUTHERN System	UL System	LCTCS System
Instruction	32%	39%	44%	45%
Research	10%	2%	5%	0%
Public Service	2%	2%	1%	0%
Academic Support	7%	11%	9%	6%
Student Services	2%	5%	6%	7%
Institutional Services	7%	21%	12%	20%
Scholarships/Fellowships	3%	4%	6%	1%
Plant Operations/Maintenance	15%	14%	13%	12%
<b>Total E&amp;G Expenditures</b>	<b>78%</b>	<b>97%</b>	<b>95%</b>	<b>91%</b>
Hospital	29%	0%	0%	0%
Transfers out of agency	0%	2%	0%	0%
Athletics	0%	1%	4%	0%
Other	0%	0%	0%	8%
<b>Total Expenditures</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## Percent of School Expenditures by Object Code, FY07-08

	LSU	Southern	UL	LCTCS
Salaries	50%	56%	53%	52%
Other Compensation	4%	0%	1%	2%
Related Benefits	14%	16%	16%	16%
<b>Total Personal Services</b>	<b>68%</b>	<b>73%</b>	<b>71%</b>	<b>70%</b>
Travel	1%	1%	1%	1%
Operating Services	9%	12%	8%	11%
Supplies	9%	2%	2%	3%
<b>Total Operating Expenses</b>	<b>19%</b>	<b>14%</b>	<b>11%</b>	<b>14%</b>
Professional Services	2%	0%	1%	1%
Other Charges	5%	10%	11%	11%
Debt Service	0%	0%	0%	0%
Interagency Transfers	3%	0%	2%	1%
<b>Total Other Charges</b>	<b>10%</b>	<b>11%</b>	<b>14%</b>	<b>12%</b>
General Acquisitions	2%	1%	2%	3%
Library Acquisitions	1%	1%	2%	0%
Major Repairs	0%	1%	1%	0%
<b>Total Acquisitions and Major Repairs</b>	<b>3%</b>	<b>2%</b>	<b>5%</b>	<b>3%</b>
<b>Total Expenditures</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## Percent of Board and Other Agency Expenditures, FY07-08

	Regents	LUMCON	Pennington	LSU	Southern	UL	LCTCS
Salaries	4%	0%	43%	17%	36%	50%	8%
Other Compensation	0%	0%	2%	0%	0%	1%	0%
Related Benefits	1%	0%	10%	4%	2%	17%	2%
<b>Total Personal Services</b>	<b>5%</b>	<b>0%</b>	<b>55%</b>	<b>21%</b>	<b>38%</b>	<b>67%</b>	<b>10%</b>
Travel	0%	0%	1%	1%	3%	1%	1%
Operating Services	3%	5%	28%	4%	1%	2%	3%
Supplies	0%	2%	10%	1%	1%	0%	0%
<b>Total Operating Expenses</b>	<b>3%</b>	<b>7%</b>	<b>39%</b>	<b>5%</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>
Professional Services	0%	0%	3%	12%	1%	7%	1%
Other Charges	85%	84%	0%	27%	5%	14%	83%
Debt Service	0%	0%	0%	0%	0%	0%	0%
Interagency Transfers	5%	6%	0%	34%	49%	9%	1%
<b>Total Other Charges</b>	<b>91%</b>	<b>90%</b>	<b>3%</b>	<b>73%</b>	<b>56%</b>	<b>29%</b>	<b>85%</b>
Acquisitions	1%	3%	3%	0%	0%	0%	1%
Major Repairs	0%	0%	0%	0%	3%	0%	0%
<b>Total Acquisitions and Major Repairs</b>	<b>1%</b>	<b>3%</b>	<b>3%</b>	<b>0%</b>	<b>3%</b>	<b>0%</b>	<b>1%</b>
<b>Total Expenditures</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>





## Student Headcount

	Fall 2004	Fall 2005*	Fall 2006	Fall 2007	Fall 2008	Difference between Fall 2008 and Fall 2004	
LSU System	62,937	47,426	54,089	52,462	53,770	(9,167)	-15%
Southern System	15,879	13,393	13,675	13,766	13,773	(2,106)	-13%
UL System	84,408	85,550	80,793	79,383	80,845	(3,563)	-4%
LCTCS System	50,920	30,861	46,775	52,405	59,482	8,562	17%
<b>TOTAL</b>	<b>214,144</b>	<b>177,230</b>	<b>195,332</b>	<b>198,016</b>	<b>207,870</b>	<b>(6,274)</b>	<b>-3%</b>

**\*Due to the effects of Hurricane Katrina or Rita, several institutions were excused from BOR Fall 2005 reporting requirements.**



## Formula Appropriations per Pupil, FY07-08

	Formula Appropriation	Annual FTE Enrollment	Formula Appropriation Per FTE
LSU A&M	\$217,984,868	27,535	\$7,917
LSU Law	\$9,884,294	775	\$12,759
LSU-A	\$11,083,727	1,886	\$5,877
LSU-E (Two Year)	\$9,044,837	2,012	\$4,496
LSU-S	\$18,861,237	3,119	\$6,047
UNO	\$73,837,826	9,365	\$7,892
<b>LSU System</b>	<b>\$340,696,789</b>	<b>44,692</b>	<b>\$7,623</b>
Southern A&M	\$55,161,490	7,644	\$7,217
Southern Law	\$7,415,649	603	\$12,297
Southern-S (Two Year)	\$8,857,441	1,837	\$4,821
SUNO	\$16,626,070	2,265	\$7,340
<b>Southern System</b>	<b>\$88,060,650</b>	<b>12,349</b>	<b>\$7,131</b>

	<b>FY 07-08 Formula Appropriation</b>	<b>FY 07-08 Annual FTE Enrollment</b>	<b>FY 07-08 Formula Appropriation Per FTE</b>
Grambling	\$31,694,727	5,063	\$6,260
La Tech	\$59,840,859	9,000	\$6,649
McNeese	\$43,247,275	7,331	\$5,899
Nicholls	\$35,821,191	6,114	\$5,859
ULM	\$57,392,941	7,643	\$7,509
Northwestern	\$49,332,713	8,044	\$6,133
Southeastern	\$74,042,306	13,016	\$5,689
ULL	\$87,576,552	14,627	\$5,987
<b>UL System</b>	<b>\$438,948,564</b>	<b>70,838</b>	<b>\$6,197</b>
Bossier Parish CC	\$14,053,966	3,562	\$3,946
BRCC	\$19,377,497	4,832	\$4,010
Delgado CC	\$40,297,923	9,350	\$4,310
Delta CC	\$3,318,751	901	\$3,682
Fletcher Tech CC	\$4,991,063	878	\$5,684
LTC (40 campuses)	\$79,495,169	14,910	\$5,332
Nunez CC	\$5,445,110	879	\$6,195
River Parishes CC	\$2,554,189	665	\$3,844
South Louisiana CC	\$5,765,403	1,870	\$3,084
Sowela CC	\$8,299,283	1,426	\$5,822
<b>LCTCS System</b>	<b>\$183,598,354</b>	<b>39,273</b>	<b>\$4,675</b>
<b>TOTAL</b>	<b>\$1,051,304,357</b>	<b>167,152</b>	<b>\$6,290</b>



## **Southern Regional Education Board Comparisons (public four year institutions)**

In FY2000-2001, Louisiana's State Funding per FTE Student was  
62% of the SREB Average

In FY2007-2008, Louisiana's State Funding per FTE Student was  
96% of the SREB Average

In FY2007-2008, Louisiana's Tuition and Fees per FTE Student were  
64% of the SREB Average

In FY2007-2008, Louisiana's Total Public Funding per FTE Student  
was 82% of the SREB Average



## **Southern Regional Education Board FY07-08 Highlights (public four year institutions)**

**85% of all SREB first-year students stayed in school and progressed through college; 80% of Louisiana first-year students stayed in school and progressed through college**

**74% of all SREB students completed, remained enrolled or transferred within six years; 62% Louisiana students completed, remained enrolled or transferred within six years**

**\$4,626 was the SREB average annual tuition and fees for in-state undergraduates; \$3,595 was Louisiana's average annual tuition and fees for in-state undergraduates**

**\$71,258 was the SREB average salary for all ranks, full-time faculty; \$62,975 was Louisiana's average salary for all ranks, full-time faculty**



## **Southern Regional Education Board FY07-08 Highlights (public two year institutions)**

**65% of all SREB first-year students stayed in school and progressed through college; 60% of Louisiana first-year students stayed in school and progressed through college**

**47% of all SREB students completed, remained enrolled or transferred within three years; 46% Louisiana students completed, remained enrolled or transferred within three years**

**\$2,069 was the SREB average annual tuition and fees for in-state undergraduates; \$1,901 was Louisiana's average annual tuition and fees for in-state undergraduates**

**\$50,191 was the SREB average salary for all ranks, full-time faculty; \$50,441 was Louisiana's average salary for all ranks, full-time faculty**



## Personnel

Higher Education's budget has reflected board positions only in the authorized Table of Organization. Over the years, the legislature allowed Higher Education schools and the hospitals to transfer authorized positions to Other Charges.

Higher Education's FY09-10 Executive Budget includes 142 positions transferred into Higher Education from other state agencies (140 in LOSFA from Special Schools and Commissions and 2 positions from the Governor's Office).





## Full-time Equivalent (FTE) Employees

	FY 05-06 As of April 2006	FY 06-07 As of November 2006	FY 07-08 As of November 2007	FY 08-09 As of November 2008	Difference between 2009 and 2006
Board of Regents	66	79	82	90	24
LUMCON	61	69	65	70	9
LSU System	17,433	17,487	18,583	19,103	1,172
Southern System	2,168	2,247	2,256	2,292	125
University of LA System	9,488	9,653	10,040	10,188	701
LCTCS System	3,023	3,386	3,604	3,727	703
<b>TOTAL*</b>	<b>32,238</b>	<b>32,921</b>	<b>34,630</b>	<b>35,470</b>	<b>2,734</b>
* Employees split across multiple campuses are counted at each campus. As a result, state totals duplicate these individuals.					



## Employee Trends

- The number of employees increased by 12% between April 30, 2006 and November 1, 2008 (full-time employees increased by 8% and part-time employees increased by 25%).
- 2,379 additional Classified and Unclassified employees account for 56% of growth. The number of classified employees increased by 25%; the number of unclassified employees increased by 32%.



## Employee Trends

- 710 additional adjuncts account for 16% of growth (49 full-time and 661 part-time)
- 425 additional Graduate Assistants account for 10% of growth
- 345 additional instructors account for 8% of growth
- 254 additional professors account for 5% of growth (64 full-time professors and 190 part-time professors).
- Data reflects a significant shift from full-time professors to full-time associate and assistant professors and an increase in all part-time professors, associate professors and assistant professors.



## FY09-10 Budget Requests

<b>HIGHER EDUCATION - SGF ONLY</b>					
<b>System</b>	<b>Act 19 FY 08-09</b>	<b>Continuation Budget Adjustments</b>	<b>New and Expanded Requests</b>	<b>Total Requested for FY 09-10</b>	<b>% Change</b>
Regents	\$50,237,106	(\$6,736,360)	\$151,099,379	\$194,600,125	287%
LUMCON	\$3,178,545	\$393,776	\$200,000	\$3,772,321	19%
LSU system	\$690,153,744	\$276,241	\$63,250,784	\$753,680,769	9%
Southern system	\$92,252,120	\$607,927	\$4,436,806	\$97,296,853	5%
UL system	\$448,974,588	\$215,945	\$518,750	\$449,709,283	0%
LCTCS system	\$191,889,704	\$213,479	\$30,900,000	\$223,003,183	16%
<b>TOTAL</b>	<b>\$1,476,685,807</b>	<b>(\$5,028,992)</b>	<b>\$250,405,719</b>	<b>\$1,722,062,534</b>	<b>17%</b>



## **New and Expanded SGF Budget Requests (Regents)**

- \$ 92 million for formula schools (Implementation of new Performance Funding Model)
- \$ 24 million for Workforce Development
- \$ 10.8 million for non-formula agencies (boards, health science centers, law centers, agricultural centers, Regents, Pennington and LUMCON)
- \$ 12 million for Community College and Academic Learning Center
- \$ 10 million for Louisiana Innovation Alliance
- \$ 1.5 million for Endowment for the Humanities
- \$ 518,059 for staffing and expenses related to new Performance Funding Model
- \$ 340,000 for Louisiana Library Network Enhancements





## **New and Expanded SGF Budget Requests (Management Boards)**

- \$51 million for Electronic Medical Records (LSU System)
- \$12 million for ten new and expanded requests for Pennington Biomedical (LSU System)
- \$ 30.9 million to LCTCS (\$30 million for implementation of an Enterprise Resource Planning System (ERP), including thirty-five new positions, and \$900,000 for Alexandria Regional Workforce Development).
- \$ 4.4 million to Southern System for eighteen new and expanded requests.
- \$518,750 to University of Louisiana System for four new positions and support for initiatives related to enrollment management, adult learners, community college liaison and distance learning.
- \$200,000 to LUMCON for staff support, including three new positions.



## **Regents Strategic Plan (2008-2013)**

**Regents has two key goals and four key objectives:**

### **Goal 1: Increase Opportunities for Student Access and Success:**

(1) Increase fall 14<sup>th</sup> class day headcount enrollment in public postsecondary education by 10% from the baseline level of 195,332 in Fall 2006 to 214,865 by Fall 2012.

(2) Increase minority fall 14<sup>th</sup> class day headcount enrollment in public postsecondary education by 12% from the baseline level of 64,281 in Fall 2006 to 71,995 by Fall 2012.

### **Goal 2: Ensure Quality and Accountability:**

(1) Increase the percentage of first-time, full-time, degree-seeking freshman retained to the second year in public postsecondary education by 5.1 percentage points from the Fall 2006 baseline level of 74.9% to 80% by Fall 2012.

(2) Increase the three/six-year graduation rate in public postsecondary education by 11.6 percentage points over baseline year rate (Fall 1999 cohort) of 38.4% to 50.0% by 2012-13 (Fall 2006 cohort).



## Higher Education

Budget Comparison, per Executive Budget, with LOSFA					
Means of Finance	FY 07-08 Actual Budget	FY 08-09 Existing Operating Budget (2/1/2009)	Recommended for FY 09-10	Change from FY 08-09 to FY 09-10	Percent Change
State General Fund	\$1,433,279,943	\$1,425,044,806	\$1,128,714,748	-\$296,330,058	-20.8%
Interagency Transfers	381,202,275	424,877,208	422,747,022	-2,130,186	-0.5%
Fees & Self-Gen Rev	699,984,718	772,858,550	773,065,340	206,790	0.0%
Statutory Dedications	155,202,803	138,131,518	155,372,791	17,241,273	12.5%
IEB	64,950	0	0	0	0.0%
Federal Funds	143,537,468	96,092,905	395,954,604	299,861,699	312.1%
<b>TOTAL</b>	<b>\$2,813,272,157</b>	<b>\$2,857,004,987</b>	<b>\$2,875,854,505</b>	<b>\$18,849,518</b>	<b>0.7%</b>
<b>T.O.</b>	<b>260</b>	<b>260</b>	<b>402</b>	<b>142</b>	<b>55%</b>

**Higher Education appropriation includes \$218.7 million State Fiscal Stabilization Fund, federal stimulus funding in The American Recovery and Reinvestment Act of 2009 (ARRA).**





## Higher Education

Budget Comparison without LOSFA					
Means of Finance	FY 07-08 Actual Budget	FY 08-09 Existing Operating Budget (2/1/2009)	Executive Budget, without LOSFA	Change from FY 08-09 to FY 09-10	Percent Change
State General Fund	\$1,433,279,943	\$1,425,044,806	\$989,903,545	-\$435,141,261	-30.5%
Interagency Transfers	381,202,275	424,877,208	422,747,022	-2,130,186	-0.5%
Fees & Self-Gen Rev	699,984,718	772,858,550	772,944,476	85,926	0.0%
Statutory Dedications	155,202,803	138,131,518	133,408,290	-4,723,228	-3.4%
IEB	64,950	0	0	0	0.0%
Federal Funds	143,537,468	96,092,905	314,792,905	218,700,000	227.6%
<b>TOTAL</b>	<b>\$2,813,272,157</b>	<b>\$2,857,004,987</b>	<b>\$2,633,796,238</b>	<b>-\$223,208,749</b>	<b>-7.8%</b>
T.O.	260	260	262	2	1%

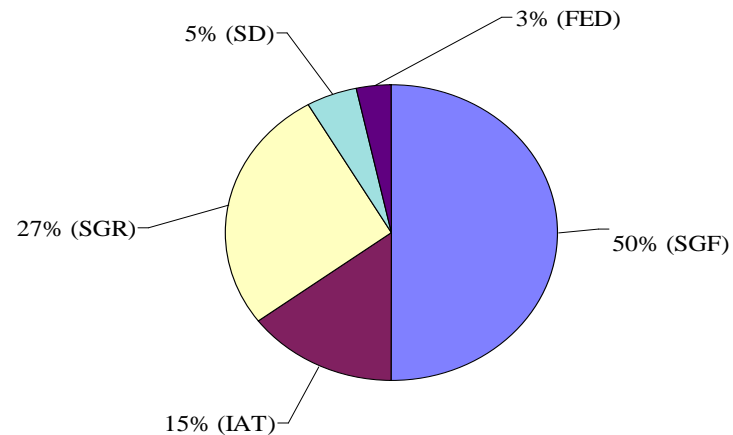
**Higher Education appropriation includes \$218.7 million State Fiscal Stabilization Fund, federal stimulus funding in The American Recovery and Reinvestment Act of 2009 (ARRA).**



## Comparison of Means of Finance

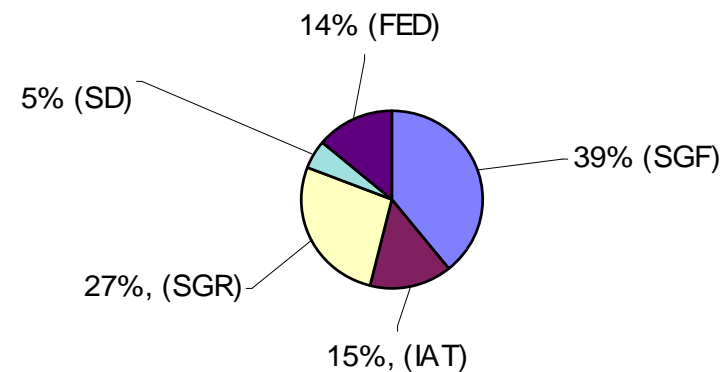
FY08-09

**TOTAL HIGHER EDUCATION**  
**\$2,857,006,237**



FY09-10

**TOTAL HIGHER EDUCATION**  
**\$2,875,854,505**





## State General Fund, per Executive Budget

	Prior Year Actual 2007- 2008	Existing Operating Budget 2008- 2009	Non-recurring Adjustments	Other Adjustments	Transfer of HIED agencies to Regents	Total of All Adjustments	Recommended for FY09-10	Change
<b>Regent</b>	\$58,028,638	\$50,707,138	(\$2,884,661)	(\$79,888,797)	\$1,160,781,068	\$1,078,007,610	\$1,128,714,748	2126%
<b>LSU</b>	\$676,749,452	\$661,794,107	(\$612,021)	\$0	(\$661,182,086)	(\$661,794,107)	\$0	-100%
<b>Southe</b>	\$91,704,072	\$88,160,865	\$0	\$0	(\$88,160,865)	(\$88,160,865)	\$0	-100%
<b>UL</b>	\$425,849,132	\$429,290,920	(\$21,052)	\$0	(\$429,269,868)	(\$429,290,920)	\$0	-100%
<b>LCTCS</b>	\$177,749,690	\$191,889,704	\$0	\$0	(\$191,889,704)	(\$191,889,704)	\$0	-100%
<b>Lumco</b>	\$3,198,959	\$3,202,072	(\$23,527)	\$0	(\$3,178,545)	(\$3,202,072)	\$0	-100%
<b>Total</b>	\$1,433,279,943	\$1,425,044,806	(\$3,541,261)	(\$79,888,797)	(\$212,900,000)	(\$296,330,058)	\$1,128,714,748	-21%



## Total Funding, per Executive Budget

	Prior Year Actual 2007- 2008	Existing Operating Budget 2008- 2009	Non-recurring Adjustments	Other Adjustments	Transfer of HIED agencies to Regents	Total of All Adjustments	Recommended for FY09-10	Change
<b>Regents</b>	\$128,829,965	\$129,974,874	(\$15,199,431)	\$251,671,882	\$2,509,407,180	\$2,745,879,631	\$2,875,854,505	2113%
<b>LSU System</b>	\$1,516,606,902	\$1,550,888,511	(\$3,021,021)	\$12,639,547	(\$1,560,507,037)	(\$1,550,888,511)	\$0	-100%
<b>Southern System</b>	\$151,591,864	\$148,556,149	(\$332,500)	\$132,300	(\$148,355,949)	(\$148,556,149)	\$0	-100%
<b>UL System</b>	\$693,438,253	\$732,747,359	(\$6,553,552)	(\$2,460)	(\$726,191,347)	(\$732,747,359)	\$0	-100%
<b>LCTCS System</b>	\$314,402,092	\$285,597,518	(\$265,761)	(\$820)	(\$285,330,937)	(\$285,597,518)	\$0	-100%
<b>LUMCON</b>	\$8,403,081	\$9,240,576	(\$29,505)	\$0	(\$9,211,071)	(\$9,240,576)	\$0	-100%
<b>TOTAL HIED</b>	\$2,813,272,157	\$2,857,004,987	(\$25,401,770)	\$264,440,449	(\$220,189,161)	\$18,849,518	\$2,875,854,505	1%



## **Major Changes in State General Fund**

The adjustment transferring funds from schools, management boards and LUMCON also reduced SGF in Higher Education by \$213 million and reduced the Support Education in LA Fund (SELF) by \$7.2 million (13.5%)

\$218 million of federal stimulus money replaced SGF

Down \$431 million in SGF, the adjustment transferring LOSFA from Special Schools and Commissions to Regents added \$139 million SGF to Higher Education

Higher Education, as it is defined today in the FY08-09 Existing Operating Budget, is reduced 30.5% in the Executive Budget;

Higher Education, as it is redefined in the FY09-10 Executive Budget, is reduced 21% in the Executive Budget.



## Regents Budget Summary for FY09-10

	SGF reduction	% of SGF reduction from EOB	Federal Stimulus	Net SGF reduction	% of SGF reduction from EOB
<b>LSU System</b>	\$ (200,749,544)	-30.0%	\$ 101,723,645	\$ (99,025,899)	-14.7%
<b>Southern System</b>	\$ (26,767,594)	-33.7%	\$ 13,563,653	\$ (13,203,941)	-18.3%
<b>UL System</b>	\$ (130,335,852)	-30.4%	\$ 66,043,676	\$ (64,292,176)	-15.0%
<b>LCTCS System</b>	\$ (58,261,970)	-29.8%	\$ 29,522,458	\$ (28,739,512)	-14.4%
<b>Regents</b>	\$ (14,519,963)	-30.4%	\$ 7,357,545	\$ (7,162,418)	-15.0%
<b>LUMCON</b>	\$ (965,077)	-30.4%	\$ 489,023	\$ (476,054)	-15.0%
<b>Total</b>	<b>\$ (431,600,000)</b>		<b>\$ 218,700,000</b>	<b>\$ (212,900,000)</b>	



## Budget Summary for FY09-10

	LSU System	Southern System	UL System	LCTCS
Base Reduction	\$ (200,749,544)	\$ (26,767,594)	\$ (130,335,852)	\$ (58,261,970)
Stimulus Amount	\$ 101,723,645	\$ 13,563,653	\$ 66,043,676	\$ 29,522,458
<b>Net Base Reduction</b>	<b>\$ (99,025,899)</b>	<b>\$ (13,203,941)</b>	<b>\$ (64,292,176)</b>	<b>\$ (28,739,512)</b>
2/3 Base Reduction (Formula Units); Net Base Reduction (Non-formula Units)	\$ (82,559,472)	\$ (9,515,515)	\$ (43,003,996)	\$ (19,386,148)
Formula Reduction Amount	\$ (43,168,311)	\$ (19,867,701)	\$ (64,486,178)	\$ (24,867,002)
1/3 Formula Reduction	\$ (14,389,437)	\$ (6,622,567)	\$ (21,495,393)	\$ (8,289,001)
Total Base & Formula Reduction	\$ (96,948,909)	\$ (16,138,082)	\$ (64,499,389)	\$ (27,675,149)
Net Stat Ded Reduction	\$ (5,138,796)	\$ (804,329)	\$ (2,555,428)	\$ (1,119,831)
<b>Total Net State Funds Reduction</b>	<b>\$ (102,087,705)</b>	<b>\$ (16,942,411)</b>	<b>\$ (67,054,817)</b>	<b>\$ (28,794,980)</b>

**System Offices are to use the guiding principles adopted at the Board of Regents March 26, 2009 meeting to fashion budgetary plans for its institutions.**



## Transfer of Higher Education agencies to Regents

<b>HIGHER EDUCATION - STATE GENERAL FUND</b>			
<b>System</b>	<b>Base, after adjustments, transferred to Regents</b>	<b>Adjustment in Regents</b>	<b>Decrease included in transfer</b>
Regents	\$0	\$1,160,781,068	\$1,160,781,068
LUMCON	(\$3,178,545)		(\$3,178,545)
LSU system	(\$661,182,086)		(\$661,182,086)
Southern system	(\$88,160,865)		(\$88,160,865)
UL system	(\$429,269,868)		(\$429,269,868)
LCTCS system	(\$191,889,704)		(\$191,889,704)
<b>TOTAL</b>	<b>(\$1,373,681,068)</b>	<b>\$1,160,781,068</b>	<b>(\$212,900,000)</b>





## **State Constitution of 1974, Article VIII: Education**

Section 12 states “Appropriations for the institutions of higher education shall be made to their managing boards. The funds appropriated shall be administered by the managing boards and used solely as provided by law.”



## Transfer of LOSFA from Special Schools and Commissions to Regents

<u>Means Of Finance</u>	<u>In LOSFA's FY08-09 EOB</u>	<u>Funding Transferred to Regents, with adjustments</u>	<u>Adjustments</u>
SGF	\$128,960,087	\$138,811,203	\$9,851,116
IAT	\$6,200,000	\$0	(\$6,200,000)
SGR	\$120,864	\$120,864	\$0
SD	\$22,368,991	\$21,964,501	(\$404,490)
IEB			\$0
Fed	\$37,692,884	\$81,161,699	\$43,468,815
<b>Total</b>	<b>\$195,342,826</b>	<b>\$242,058,267</b>	<b>\$46,715,441</b>
T.O.	142	140	-2



## Significant Budget Changes

\$242 million

This increase is associated with transferring the Louisiana Office of Financial Assistance to Regents and includes numerous LOSFA adjustments:

(\$ 189.2 million) - remaining balance of all MOF transferred to Regents (\$138.8 million SGF; \$120,864 SGR; \$22.4 million TOPS Fund)

\$ 43 million FED - additional federal budget authority to cover the rise in lender claims relative to federal loan defaults

\$ 10.1 million SGF - additional SGF for the Tuition Opportunity Program for Students (TOPS) awards. This projection assumes a student growth of 234 at the average award of \$2,994 for a cost of \$700,596 and a tuition increase of \$9.4 million

\$404,490 SGF - means of finance substitution - SGF replaces TOPS Fund

\$ 43,914 – Net of Statewide Adjustments (\$79,686 SGF; -\$35,772 FED)

(\$ 728,635) - eliminates SGF for the Federal Default Fee

(\$ 6.2 million) IAT - eliminates IAT from Regents (\$4 million for the Dual Enrollment Program and \$2.2 million for the Health Care Educator Loan Forgiveness Program)

(\$ 109,712) FED - eliminates two positions and associated federal funds



## Significant Budget Changes

(\$220.2 million)	Decrease in funding associated with transfer of funding from management boards and LUMCON to Regents (\$212.9 million SGF; \$7 million SD from Support Education in LA Fund (SELF))
(\$218.7 million) SGF	Means of finance substitution - SGF is replaced with Federal State Fiscal Stabilization Fund in the American Recovery and Reinvestment Act of 2009 (ARRA)
\$6.5 million SD	Additional funding from the Higher Education Initiatives Fund to help with the backlog of Endowed Chairs and Professorships
\$998,353 SD	Adjusts funding from the Tobacco Tax Health Care Fund to balance to REC: \$602,534 - for the Cancer Research Center of LSU HSC-New Orleans and Tulane Health Sciences Center \$234,318 - for the Cancer Research Center of LSU HSC-Shreveport \$161,501 - for general operations at the LSU Ag Center
(\$400,000) SD	Decrease in Firemen Training Fund for the LSU Fire and Emergency Training Institute (FETI) due to REC projections



## Significant Budget Changes

(\$ 4.5 million) SD

Non-recurs funding from the Overcollections Fund associated with special legislative projects. The following figures represent balances after 5% mid-year deficit reductions.

- (\$688,750) Truancy Assessment and Service Centers (LSU A&M)
- (\$ 23,750) Read to Succeed Initiative (LSU HSC S)
- (\$950,000) Arts, Visualization, Advanced Technologies and Research (AVATAR) (LSU A&M)
- (\$190,000) La Prep Math & Science Children's Program (LSU S)
- (\$190,000) Delta Regional Initiative (LSU Ag)
- (\$332,500) Business Incubator Program (Southern S)
- (\$166,520) Applied Behavioral Analysis Training (McNeese)
- (\$ 95,000) KEDM Public Radio (ULM)
- (\$ 71,250) Acadiana Cinematic Arts Workshop (ULL)
- (\$ 95,000) Louisiana Methodist Children's Home (LCTCS Board)
- (\$ 95,000) Automotive Maintenance Repair Training Center (SOWELA)
- (\$ 33,250) General Operations (Nunez)
- (\$ 38,000) Modular Building (LTC)
- (\$1,425,000) LA College and Our Lady of Holy Cross College (Regents)



## Significant Budget Changes

(\$7 million) IAT	Non-recurs Interagency Transfer budget authority in Regents from the Division of Administration for a Community Development Block Grant. This adjustment reduces budget authority for FY09-10 to \$15 million.
\$14.6 million IAT	Increases IAT budget authority to LSU HSC in Shreveport for additional Medicaid and Uncompensated Care Cost (UCC) from the Louisiana Department of Health and Hospitals
\$3.2 million IAT	Increases IAT budget authority to EA Conway for additional Medicaid and UCC from the Louisiana Department of Health and Hospitals
(\$2.4 million) IAT	Decreases IAT budget authority to Huey P Long Medical Center for Medicaid and UCC from the Louisiana Department of Health and Hospitals
\$113,615 IAT	Transfers funding and two positions from the Governor's Office to Regents for state coordination of the Wallace Grant.



## Significant Budget Changes

\$568,495 SGR	Tuition increases at the Hebert Law Center. This amount represents Phase 2 implementation of the tuition increases authorized by Act 940 of the 2008 Regular Session.
\$132,300 SGR	Tuition increases at the Southern Law Center. This amount represents Phase 2 implementation of the tuition increases authorized by Act 940 of the 2008 Regular Session.
(\$416,380) SGR	Non-recurs excess Fees and Self-generated Revenue budget authority in Regents.



## **Louisiana's Proposed Formula included six primary components**

- Core (responds to HCR No. 114 of 2008 Regular Session)
- Completers
- Research (responds to HCR No. 114 of 2008 Regular Session)
- Workforce Development (responds to HCR No. 65 of 2008 Regular Session)
- General Support
- Operation of Plant and Maintenance





## **Why Performance-Based Funding?**

- Rewards Results
- Captures the estimated cost of education students
- Stimulates return on investment
- Focuses on “What can be”



## SREB Comparison, FY07-08

	Four-Year						Two-Year				Tech Inst and Colleges			Special	Totals
	1	2	3	4	5	6	with bachelors	1	2	3	1	2	size unknown		
Alabama	3	1	4	3	2	1		2	10	9	1	3			39
Arkansas	1	0	3	2	2	1	1	1	2	19			2	1	35
Delaware	1	0	0	1	0	0			2	1					5
Florida	4	2	3	0	1	1	3	14	9	5			40		82
Georgia	2	1	3	5	5	3	1	1	7	5	27	6		2	68
Kentucky	1	1	3	2	1			2	9	3	1	1			24
Louisiana*	1	3	3	5	1		1	1	3	5	1	1	40	2	67
Maryland	1	1	1	7	0	1		4	7	5				2	29
Mississippi	2	2		2	2			3	10	2				1	24
North Carolina	2	2	6	1	2	2	0	12	33	13				1	74
Oklahoma	2		2		6	3		2	4	8	5	41			73
South Carolina	2		2	1	4	2	1	3	9	8				1	33
Tennessee	1	1	4	2	1			3	9	1		27		1	50
Texas	6	2	19	4	3	1		26	29	13				8	111
Virginia	2	4	2	3	2	1		4	12	8				1	39
West Virginia	1		1			8	1		1	9		16	1	1	39
Totals	32	20	56	38	32	24	8	78	156	114	35	95	83	21	792



## **State Constitution of 1974, Article VIII: Education**

Section 5 (D) (3)(b) states “ If the creation of a new institution, the merger of any institutions, the addition of another management board, or the transfer of an existing institution of higher education from one board to another is proposed, the Board of Regents shall report its written findings and recommendations to the legislature within one year. Only after the report has been filed, or after one year from the receipt of a request for a report from the legislature if no report is filed, may the legislature take affirmative action on such a proposal and then only by law enacted by two-thirds of the elected members of each house.”